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SUBJECT: LEADERSHIP OF CZECH CHRISTIAN DEMOCRAT PARTY
(KDU-CSL) RESIGNS

¶1. SUMMARY (SBU) Just days after the fiercely anti-Communist Christian Democrats (KDU-CSL) joined a surprising coalition with the Social Democrats (CSSD) that would have relied on the tacit support of the Communist Party (KSCM), the party chair Miroslav Kalousek, and three of the party's five Deputy Chairs, including Foreign Minister Cyril Svoboda, have resigned amid widespread opposition to the hastily arranged partnership among the party's rank and file. It is still unclear who will lead the party in the future and whether the party's policies will change as a result. For now, the high-level purge has had a cautionary effect on the other major parties and handed the initiative back to Prime Minister designate Mirek Topolanek of the Civic Democrats. The resignations by the Christian Democrats will probably have less effect on U.S.-Czech relations than the lessons and opportunities other parties draw from the incident. END SUMMARY

¶2. (SBU) Outgoing Prime Minister Jiri Paroubek (CSSD) stunned the nation last week when he announced that he was ending talks with the Civic Democrats (ODS), who won the June 2-3 elections and were putting the finishing touches on a minority government. Paroubek then made public that he was cutting a deal with the right-of-center, religious and anti-Communist Christian Democrats, on a minority government that relied on the Communist Party for support. Some analysts feel that Kalousek was forced into the deal by dwindling support for his own party, by the prospect of four years in the opposition, and by the looming threat of a CSSD-ODS partnership that would have promoted a change to the election law beneficial to large parties and harmful to small ones, such as the Christian Democrats. Those inclined to conspiracies, and there are many in the Czech Republic, suspect that Paroubek, who never liked Kalousek, might have used information on yet unconfirmed bribery and scandals going back to Kalousek's days in the Ministry of Defense to force him into an alliance that Kalousek's party would never support. (One joke making the rounds in the Czech parliament is that Kalousek made so much unlawful money off the Army's purchase of the Swedish fighter jets, the Gripens, that he can now afford to be the most honest man in government.) Whether Kalousek was intentionally lured into a trap, or simply had no other option, he did ask a handful of the party's top leaders for their consent, and then grudgingly agreed to the arrangement, in spite of his party's anti-Communist stance.

¶3. (U) The reaction was swift and unmistakably clear. Several of the party's bigger local chapters and several of the party's 13 parliamentarians condemned the deal as a betrayal of all the party stood for. On Friday, August 25, within a day of agreeing to the arrangement, Kalousek resigned. By Monday, August 28, three of the party's five Deputy Chairs, including Foreign Minister Cyril Svoboda, had

also resigned. Not long after he defeated FM Svoboda for the party's chairmanship in the fall of 2003, Kalousek began shifting the party, which had always been a flexible centrist kingmaker, to the right. This culminated in March of 2005 when he pulled the party out of a coalition with the Social Democrats amid charges that CSSD Prime Minister Stanislav Gross had used illicit funds to buy his personal residence. In the campaign for this year's elections, the party ran as an overt ally of the right-of-center Civic Democrats. It is still unclear what the party's new leadership will look like, who will lead the party in ongoing talks on forming the government, what new priorities the party might have, or where it will position itself on the political spectrum. The party will be tested in the upcoming October 20-21 local and Senate elections, and will hold a nationwide congress in December, by which time it should be more clear whether the effect of the leadership turnover will be long-lasting, or whether the party might even come through the purge strengthened. The party certainly needs new blood. The average age of the party's members is 63, only slightly better than the Communist Party. Furthermore, geographic distribution of party supporters is such that it risks becoming a regional party concentrated on Moravia, rather than a national party.

¶4. COMMENT. (SBU) The purge at KDU-CSL will have few direct consequences for bilateral ties. With the exception of its occasional opposition to Turkish membership in the EU, the Christian Democrats take few stands that challenge U.S. policy. Foreign Minister Cyril Svoboda has been a good friend to the U.S. If he doesn't bounce back from his resignation from his party seat, the U.S. will have lost a strong supporter. Svoboda is expected to resign Friday, September 1, along with all the other members of Paroubek's cabinet, so the immediate effect of his departure will be limited.

Whoever takes over the party reins, he or she is very unlikely to take anything but a critical stance towards the Communists. Although President Klaus has, since the stalemated June elections, twice invited the Chairman of the Communist Party to the Executive Office for talks, it seems clear that cooperation with the Communists is still taboo among KDU-CSL voters. The outcry and consequent resignations could resonate across the political spectrum. CSSD will probably be more discreet in its dealings with the Communists in the coming days. Leaders at both ODS and CSSD might see a danger in deals that sacrifice principles in order to retain power, thus making it harder for them to conclude an opposition agreement or grand coalition, which both parties have promised not to do.

¶5. (SBU) It is too soon to say whether the leadership turnover will help the party reverse the decline of the last few years, or mark the beginning of the end. A weakened KDU-CSL could have long-term implications for the left-right balance of power. If early elections were to be held next year, and the Christian Democrats, who took a disappointing 7.2% of the votes in the June election, were to fall below the 5% threshold for entry into parliament, that would leave the Civic Democrats alone on the right side of the political spectrum. Neither the Social Democrats nor the Communists will benefit from the purge of the Christian Democrat leadership, but together, they have consistently beaten ODS. Neither of the nation's two biggest parties have ever won enough seats to form a majority government on their own. It has always been the little parties that gave them their majority. The fate of the shrinking, center-right Christian Democrats will have an impact on the local and Senate elections in October, and possibly on early elections next year, if that is what the government of Mirek Topolanek (ODS), which is expected to take over at the start of September, leads the nation to. In the short run, the purges will cause everyone to step back and calm down, giving Topolanek more time and breathing room to put together a successful minority ODS government. In the long run, a weakened, possibly extraparliamentary KDU-CSL could benefit Paroubek.

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